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Revenue and Transportation Interim Committee

63rd Montana Legislature

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February 18, 2014

Director Mike Kadas
Department of Revenue
125 N Roberts, 3rd Floor
Helena, MT 59604

Dear Director Kadas:

The Revenue and Transportation Interim Committee discussed topics of interest at its organizational meeting held June 27, 2013. The committee expressed concern about the veto of House Bill No. 19 (HB 19), which was introduced by request of the 2011-2012 Revenue and Transportation Interim Committee.

HB 19 revised penalty and interest provisions contained in section 15-1-216, MCA. Revenue and Transportation Interim Committee staff worked with the Department of Revenue, the Montana Society of CPAs, the Montana Taxpayers Association, the Montana Budget and Policy Center, and former Sen. Joe Balyeat to craft the draft bill that became HB 19. The draft combined two bills from the 2011 legislative session: Senate Bill Nos. 199 and 411.

The Senate passed HB 19 on third reading with a 40-9 vote and the House concurred in Senate amendments on third reading with an 83-17 vote. In his veto letter, Gov. Bullock wrote, "While I appreciate the Legislature's willingness to consider ways to simplify and streamline Montana's tax system, in light of the Legislature's action on HB 2, the main budget bill for the state, we cannot afford the \$2.6 million cost associated with HB 19 over the biennium."

Because HB 19 had widespread support in the Legislature and was vetoed for budgetary reasons, the Revenue and Transportation Interim Committee respectfully requests that the Department of Revenue request an agency bill for the 2015 legislative session to revise the penalty and interest provisions. Committee staff is available to work with Department of Revenue staff to draft such a bill. If the Department would like time at an upcoming meeting to discuss this matter with the Committee, please notify Committee staff.

Sincerely,

Christine Kaufmann
Chair

Nancy Ballance
Vice Chair